## Business Idea

A cleaning company based in New York City that specializes in cleaning offices and commercial premises.

* Use eco-friendly cleaning materials
* Employ local contractors and provide them with cleaning equipment.
* Initial startup costs will include equipment and materials, and marketing, with a budget of $10,000.

## Market opportunity

This business idea has a promising market opportunity, as it can meet the needs of both environmentally conscious and quality-seeking customers, while also creating social and economic value in the local area.

* The business idea has a growing market because:
  + More people want to use green cleaning products that are good for the environment and health.
  + The global green cleaning products market was worth USD 3.9 billion in 2019 and is expected to grow by 8.4% every year until 2027.
* The business idea can also benefit the local community by:
  + Hiring local contractors and giving them cleaning equipment.
  + Saving money on transportation and building customer loyalty
  + Creating jobs and income for the locals.
* The business idea can stand out from the competitors by:
  + Offering cleaning solutions that are customized and flexible for each client.
  + Meeting the needs and preferences of both eco-friendly and quality-seeking customers.
  + Creating social and economic value in the local area.

## Starting a business in New York

Setting up a new business in New York involves several steps. According to NerdWallet, some of the steps to start a business in New York include writing a business plan, choosing a business name, choosing a business entity and registering your business, obtaining your EIN and registering for taxes, obtaining permits, licenses, employer information, and insurance, securing startup funding, getting a business bank account and business credit card, and kicking off your marketing plan.

You can also visit the New York State Business Wizard to determine the requirements for your business and apply for the right license or permit. If you are seeking to do business in New York, you must file with the Department of State. New York Business Express is another resource that provides information related to licensing, regulations, incentives, and support to start or grow your business.

It is important to note that the process of setting up a new business can vary depending on the type of business and its specific needs. It is always a good idea to consult with a business attorney and accountant to ensure that you are following all the necessary legal and financial requirements.

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| --- | --- | --- |
| Steps to Start a business in New York | Short Description | Reference URL |
| Write a business plan | Outline your business goals, strategies, and financial projections | https://www.nerdwallet.com/article/small-business/how-to-write-a-business-plan |
| Choose a business name | Pick a unique and memorable name that represents your brand | https://www.nerdwallet.com/article/small-business/how-to-name-a-business |
| Choose a business entity and register your business | Select a legal structure for your business and register with the state | https://www.nerdwallet.com/article/small-business/choose-a-business-structure |
| Obtain your EIN and register for taxes | Get an Employer Identification Number and register for state and federal taxes | https://www.nerdwallet.com/article/small-business/small-business-taxes |
| Obtain permits, licenses, employer information, and insurance | Get necessary permits and licenses, and obtain insurance to protect your business | https://www.nerdwallet.com/article/small-business/small-business-insurance |
| Secure startup funding | Get funding to start your business through loans, grants, or investors | https://www.nerdwallet.com/article/small-business/startup-business-loans |
| Get a business bank account and business credit card | Open a separate bank account and credit card for your business finances | https://www.nerdwallet.com/article/small-business/small-business-banking |
| Kick off your marketing plan | Develop and implement a marketing strategy to attract customers | https://www.nerdwallet.com/article/small-business/small-business-marketing |
| Visit the New York State Business Wizard | Use this tool to determine the requirements for your business and apply for licenses or permits | https://www.businessexpress.ny.gov/app/bswiz |
| File with the Department of State | Register your business with the Department of State to do business in New York | https://www.dos.ny.gov/corps/bus\_entity\_search.html |
| Use New York Business Express for information and support | Access resources related to licensing, regulation, incentives, and support for your business | https://www.businessexpress.ny.gov/ |
| Consult with a business attorney and accountant | Get professional advice to ensure you are following all legal and financial requirements | https://www.nerdwallet.com/article/small-business/small-business-accounting |

Business Plan for Contoso Cleaning

# Executive Summary

Contoso Cleaning is a new company that provides residential and commercial cleaning services in the metropolitan area of Seattle, Washington. The company's mission is to deliver high-quality, reliable, and affordable cleaning solutions to customers who value their time and environment. Contoso Cleaning offers a range of services, including standard cleaning, deep cleaning, move-in/move-out cleaning, post-construction cleaning, and disinfection cleaning. The company also uses eco-friendly products and practices to reduce its environmental impact and ensure customer satisfaction.

The cleaning industry is a large and growing market in the United States, with an estimated revenue of $61 billion in 2018 and a projected annual growth rate of 6% from 2019 to 2024. The demand for cleaning services is driven by factors such as population growth, urbanization, rising disposable income, and increasing awareness of health and hygiene. Contoso Cleaning aims to capitalize on this opportunity by targeting the underserved niche of eco-conscious customers who prefer green cleaning solutions. The company expects to gain a competitive edge over its rivals by offering superior quality, flexibility, and customer service at reasonable prices.

Contoso Cleaning is owned and operated by Jane Doe, a former manager at a leading cleaning company with over 10 years of experience in the industry. Jane has a strong background in business administration, marketing, and customer relations, as well as a passion for environmental sustainability. She will be responsible for overseeing the daily operations, hiring and training staff, managing finances, and developing marketing strategies. Jane will also leverage her existing network of contacts and referrals to generate leads and sales.

Contoso Cleaning plans to launch its operations in July 2021, starting with a small team of five cleaners and one supervisor. The company will operate from a home-based office and use a rented van for transportation. The company will initially focus on the residential market, targeting customers who live in apartments, condos, and houses within a 20-mile radius of downtown Seattle. The company will also seek to establish partnerships with local businesses, such as real estate agents, property managers, contractors, and office buildings, to expand its customer base and diversify its revenue streams. The company will use various marketing channels, such as online platforms, social media, flyers, brochures, and word-of-mouth, to promote its brand and services.

Contoso Cleaning projects to generate $120,000 in revenue and $24,000 in net profit in its first year of operation, based on conservative assumptions of servicing 40 customers per week at an average rate of $60 per hour. The company expects to increase its revenue and profit by 20% and 25%, respectively, in the second and third year, as it grows its customer base, expands its service area, and improves its operational efficiency. The company's break-even point is estimated to be six months after launch, assuming a monthly fixed cost of $10,000 and a variable cost of $30 per hour.

The company requires $50,000 in start-up capital to cover the initial expenses, such as equipment, supplies, licenses, permits, insurance, marketing, and working capital. The owner will contribute $20,000 from her personal savings and seek a $30,000 loan from a local bank. The company anticipates to repay the loan within three years, with an interest rate of 8%. The company's financial projections show that it will generate sufficient cash flow and profitability to meet its obligations and achieve its goals.

# Market Overview

The cleaning industry is composed of two main segments: residential and commercial. Residential cleaning services include maid services, carpet cleaning, window cleaning, and other related services. Commercial cleaning services include janitorial services, floor cleaning, window cleaning, and other related services. The industry is highly fragmented, with no single company dominating the market. According to IBISWorld, there are over 1.1 million cleaning businesses in the United States, employing over 2.3 million workers. The industry is also labor-intensive, with wages accounting for about 48% of the revenue.

The cleaning industry is influenced by several external factors, such as economic conditions, disposable income, consumer preferences, environmental regulations, and technological innovations. The industry tends to perform well during periods of economic growth, as more households and businesses can afford to outsource their cleaning needs. However, the industry also faces some challenges, such as rising labor costs, high employee turnover, low customer loyalty, and increasing competition. Therefore, the industry operators need to differentiate themselves by offering value-added services, such as green cleaning, customized packages, online booking, and quality assurance.

The target market for Contoso Cleaning is the metropolitan area of Seattle, Washington, which has a population of about 3.9 million and a median household income of about $95,000. The city is home to many affluent and busy professionals, as well as a large number of environmentally conscious consumers, who are potential customers for the company's services. According to the US Census Bureau, there are about 1.6 million housing units in the city, of which about 54% are occupied by renters and 46% are occupied by owners. The average monthly rent in the city is about $1,600, and the average home value is about $750,000. The city also hosts many commercial establishments, such as offices, retail stores, restaurants, hotels, and schools, which require regular cleaning and maintenance.

- Merry Maids: A national franchise that provides residential cleaning services, such as weekly, biweekly, monthly, or one-time cleaning. The company has over 480 locations across the US, including four in the Seattle area. The company charges an average of $100 per hour for its services.

- Molly Maid: Another national franchise that provides residential cleaning services, such as standard cleaning, deep cleaning, move-in/move-out cleaning, and special occasion cleaning. The company has over 450 locations across the US, including three in the Seattle area. The company charges an average of $80 per hour for its services.

- Jan-Pro: A global franchise that provides commercial cleaning services, such as office cleaning, medical cleaning, industrial cleaning, and school cleaning. The company has over 8,000 locations across the world, including one in the Seattle area. The company charges an average of $50 per hour for its services.

- Clean Green: A local company that provides residential and commercial cleaning services, using eco-friendly products and practices. The company offers standard cleaning, deep cleaning, move-in/move-out cleaning, post-construction cleaning, and disinfection cleaning. The company charges an average of $70 per hour for its services.

# Financial Projections

The following table summarizes the projected income statement for Contoso Cleaning for the first three years of operation.

|  |  |  |  |
| --- | --- | --- | --- |
| Year | 2021 | 2022 | 2023 |
| Revenue | $120,000 | $144,000 | $172,800 |
| Cost of Goods Sold | $62,400 | $74,880 | $89,856 |
| Gross Profit | $57,600 | $69,120 | $82,944 |
| Operating Expenses | $33,600 | $36,960 | $40,656 |
| Operating Income | $24,000 | $32,160 | $42,288 |
| Interest Expense | $2,400 | $1,920 | $1,440 |
| Taxes | $5,520 | $7,776 | $10,374 |
| Net Income | $16,080 | $22,464 | $30,474 |

The following table summarizes the projected cash flow statement for Contoso Cleaning for the first three years of operation.

|  |  |  |  |
| --- | --- | --- | --- |
| Year | 2021 | 2022 | 2023 |
| Net Income | $16,080 | $22,464 | $30,474 |
| Add back Depreciation | $1,200 | $1,200 | $1,200 |
| Changes in Working Capital | -$6,000 | -$720 | -$864 |
| Cash Flow from Operations | $11,280 | $22,944 | $30,810 |
| Cash Flow from Investing | -$10,000 | $0 | $0 |
| Cash Flow from Financing | $30,000 | -$12,000 | -$12,000 |
| Net Change in Cash | $31,280 | $10,944 | $18,810 |
| Beginning Cash Balance | $0 | $31,280 | $42,224 |
| Ending Cash Balance | $31,280 | $42,224 | $61,034 |

The following table summarizes the projected balance sheet for Contoso Cleaning for the first three years of operation.

|  |  |  |  |
| --- | --- | --- | --- |
| Year | 2021 | 2022 | 2023 |
| Assets |  |  |  |
| Cash | $31,280 | $42,224 | $61,034 |
| Accounts Receivable | $6,000 | $6,720 | $7,584 |
| Inventory | $4,000 | $4,480 | $5,068 |
| Equipment | $10,000 | $10,000 | $10,000 |
| Accumulated Depreciation | -$1,200 | -$2,400 | -$3,600 |
| Total Assets | $50,080 | $61,024 | $80,086 |
| Liabilities and Equity |  |  |  |
| Accounts Payable | $8,000 | $8,960 | $10,152 |
| Bank Loan | $28,800 | $19,680 | $10,560 |
| Total Liabilities | $36,800 | $28,640 | $20,712 |
| Owner's Equity | $20,000 | $20,000 | $20,000 |
| Retained Earnings | -$6,720 | $12,384 | $39,374 |
| Total Equity | $13,280 | $32,384 | $59,374 |
| Total Liabilities and Equity | $50,080 | $61,024 | $80,086 |